

Agency Name:	Department Of Employment And Workforce		
Agency Code:	R600	Section:	83



Fiscal Year FY 2021-2022

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS (FORM B1)	For FY 2021-2022, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

NON-RECURRING REQUESTS (FORM B2)	For FY 2021-2022, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

CAPITAL REQUESTS (FORM C)	For FY 2021-2022, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

PROVISOS (FORM D)	For FY 2021-2022, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input checked="" type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT: SECONDARY CONTACT:	Shaji Kuriakose	(803) 737-2571	skuriakose@dew.sc.gov
	James Michaelson	(803) 737-0367	jmichaelson@dew.sc.gov

I have reviewed and approved the enclosed FY 2021-2022 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

SIGN/DATE: TYPE/PRINT NAME:	<u>Agency Director</u>	<u>Board or Commission Chair</u>

This form must be signed by the agency head – not a delegate.

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BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B2 - Non-Recurring	Be Pro Be Proud	642,500	0	0	0	642,500	0.00	0.00	0.00	0.00	0.00
TOTALS			642,500	0	0	0	642,500	0.00	0.00	0.00	0.00	0.00

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FORM B2 – NON-RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Be Pro Be Proud
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Provide a brief, descriptive title for this request.

AMOUNT	\$642,500
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What is the net change in requested appropriations for FY 2021-2022? This amount should correspond to the total for all funding sources on the Executive Summary.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
	<input checked="" type="checkbox"/>	Request for Non-Recurring Appropriations
	<input type="checkbox"/>	Request for Federal/Other Authorization to spend existing funding
<input type="checkbox"/>	Related to a Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input checked="" type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input type="checkbox"/>	Government and Citizens

ACCOUNTABILITY OF FUNDS	<ul style="list-style-type: none"> Be Pro Be Proud is a workforce initiative aimed at educating high school students, parents, and non-traditional students about the high paying and high demand jobs available in the skilled and vocational trades. South Carolina has over 70,000 available jobs, most of which are in the skilled trade professions. This initiative is aimed at recruiting the workforce to fill those available jobs by promoting the jobs themselves as well as the degree and certificate programs that lead to these high paying jobs. Be Pro Be Proud is a mobile demonstration center in order to access all areas of the state and provides hands-on displays as well as promotional marketing and online resources to connect students to the necessary training and employers. By promoting the high wages and demand for these jobs SC can increase participation and career readiness attainment in the K-12 system. The initiative is modeled on a very successful program in Arkansas. The website for Arkansas's program will provide a good example of the program's potential https://beprobeproud.org/. The Governor can be found speaking in favor of the program as part of a demonstration on the State House grounds at this link https://www.youtube.com/watch?...
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF	South Carolina Department of Employment and Workforce (DEW) will administer this program.
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FUNDS

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

**JUSTIFICATION
OF REQUEST**

If funds are not received the DEW will not be able to administer the program.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM D – PROVISO REVISION REQUEST

NUMBER	83.5
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Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	UI Tax System Modernization
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Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	Unemployment Insurance
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	N/A
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Is this request associated with a budget request you have submitted for FY 2021-2022? If so, cite it here.

REQUESTED ACTION	Amend
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	Department of Administration
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>Per requirements set forth in Section 903 (c) (2), SSA, the agency is requesting spending authority necessary to use the proceeds from the sales of real properties containing Reed Act equity.</p> <p>Federal law prescribes the allowable uses and procedures to be followed by states when disposing of property containing federal grant equity. Section 903 (c) (2), SSA, requires state appropriation acts to authorize the use of Reed Act funds, limit the use of the funds exclusively for UI program use, and to specify the purpose and the amount to be used for such purposes. This request for \$1,158,150 of other funds from future sale proceeds will be utilized to fund a portion the agency's unemployment tax system modernization project, including maintenance costs.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

The total requested amount of spending authority was determined based on proceeds from sales already executed as well as the potential amount of Reed Act proceeds associated with properties currently listed for sale on state surplus.

Only amounts actually received via the sale of Reed Act properties will be used for this purpose and no general funds will be requested for these efforts.

Up to \$1,158,150 of other funds will be utilized to fund a portion the agency's unemployment tax system modernization project.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT

The Department of Employment and Workforce is authorized to expend up to ~~\$2,749,690~~ **1,158,150** of funds made available to the State under Section 903 of the United States Social Security Act, as amended. The funds must be used under the direction of the Department of Employment and Workforce, for the purpose of acquiring software, equipment, and necessary services to replace the agency's unemployment tax information system with a modern technology solution. No part of the funds herein authorized may be obligated after a two-year period beginning on July 1, ~~2020~~ **2021**. The amount obligated pursuant to this provision shall not at any time exceed the amount by which (a) the aggregate of amounts transferred to the accounts of the State pursuant to Section 903 of the Social Security Act exceeds (b) the aggregate of the amounts obligated for administration and paid out for administration and paid out for benefits and required by law to be charged against the amounts transferred to the account of this State.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
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AMOUNT	\$15,140
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What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.

ASSOCIATED FTE REDUCTIONS	No FTE elimination would be required by the reduction.
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How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM / ACTIVITY IMPACT	DEW's only general funds appropriation supports the Work Ready program. The South Carolina Department of Employment and Workforce administers a statewide work ready program. DEW is responsible for managing the multi-agency workforce and economic development effort, tracking the progress of counties reaching certification levels and providing technical assistance as needed. Public and private sector leaders to include local educators, elected officials, chambers of commerce, economic developers, workforce development boards, government agencies and businesses are the drivers of the program. The impact will equate to administering approximately 1,900 fewer assessments for job seekers and businesses of South Carolina.
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What programs or activities are supported by the General Funds identified?

SUMMARY	General fund reduction of \$15,140 would equate to approximately 1,900 fewer assessments being administered during the 2021-2022 fiscal year. This is based on the current pricing of \$8.00 per assessment.
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	Modernization of South Carolina Benefits and Tax System.
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	This improved system will focus on the integrity of unemployment benefits claims submitted for the state of South Carolina and taxes assessed & collected from employer. This directly impacts citizens and businesses because of the calculated tax rate settings are based on the claims submitted. Improper payments affect the tax rate settings for citizens and businesses. Through identifying improper payments with this new technology, the rate would thus decrease, saving time and money for citizens and businesses.
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What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply: <input type="checkbox"/> Repeal or revision of regulations. <input type="checkbox"/> Reduction of agency fees or fines to businesses or citizens. <input checked="" type="checkbox"/> Greater efficiency in agency services or reduction in compliance burden. <input type="checkbox"/> Other
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METHOD OF CALCULATION	<p>No general funds were used to develop or purchase of these systems. The retirement of legacy benefits and tax systems has allowed the agency to eliminate nearly \$3M of the annual software, hardware, support, consulting, and personnel costs associated with the operations of a mainframe computing environment.</p> <p>SCUBI (the agency's UI benefits modernized system) have saved thousands of staff hours to complete tasks and there are many other additional benefits from the new system.</p> <p>The agency has gained enormous efficiencies with new State Unemployment Insurance Tax System (SUITS). The increase in self-service by employers, an increase in electronic wage report filings, and more tax payments being processed using an electronic payment have saved thousands of staff hours, and has resulted in an estimated annual savings of more than \$2 million.</p>
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES	N/A
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Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	N/A
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

	<p>The retirement of legacy benefits and tax systems has allowed the agency to eliminate nearly \$3M of the annual software, hardware, support, consulting, and personnel costs associated with the operations of a mainframe computing environment. Furthermore, the agency has invested in reducing its data center and computing infrastructure footprint by converting to a Hyper-Converged Infrastructure at the recommendation of the Department of Technology Operations. This shift allowed the agency to expand its compute and storage capacity to roughly double its previous investment at roughly half the cost. Full replacement of the existing hardware and software would have cost roughly \$1.5 to \$1.8M. The HCI shift saved the agency roughly \$550,000.00.</p>
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SUMMARY

Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?